

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of	:	Customer No.
VEGLIANTE et al.	:	26817
	:	
Serial No. 09/970,015	:	Group Art Unit: 3724
	:	
Filed: October 3, 2001	:	Examiner: Sean M. Michalski
	:	
Title: FILM CUTTER ASSEMBLY	:	Confirmation No. 2684
	:	
	:	x

Mail Stop AF
 Commissioner for Patents
 P.O. Box 1450
 Alexandria, VA 22313-1450

DECLARATION OF PAUL VEGLIANTE
SUBMITTED UNDER 37 CFR 1.132

Sir:

I, Paul Vegliante, Executive Vice President of Operations of AEP Industries, Inc. (hereinafter referred to as "AEP"), assignee of the above-referenced application, with offices located at 125 Phillips Avenue, South Hackensack, New Jersey 07606, and an inventor of the above-described patent application, hereby declares as follows:

1. Exhibits A-F attached herewith show that the market for AEP for a conventional slide cutter manufacture by Handy-Age Industrial Co., Ltd. ("Handy-Age") between 1992 and 1998 was 25,000 pieces per year. In 1998, the market was increased to 100,000 pieces. Reynolds, in spite of filing several patent applications, did not commercialize their own slide cutter. Instead, Reynolds needed to buy the slide cutter from Handy-Age. Accordingly, the sales of a conventional slide cutter between 1992 and 1998 were up to 100,000 pieces per year. As shown below, the sales of a slide cutter having the features of the present claims have increased remarkably to 30-50 million pieces.

2. Exhibit A shows in August of 1998 Michael Piccone of First American Trading sent this exhibit indicating that the manufacturer of the "Plastic Wrap Cutter", Handy-Age, was

showing signs of discontent with the volume that AEP was solely moving. Michael Piccone explained that since Borden had come into the market with exclusive license to sell the cutter, both Reynolds and Anchor had been aggressively pursuing him to open the market because both Reynolds and Anchor wanted to sell the blade as well, seeing that this was the only marketable cutter on the market. AEP was contracted to sell 25,000 cutters per year. AEP was given the exclusive is AEP could guarantee that amount in 1992.

3. Exhibit B is a copy of the original contract from 1992 between Borden/AEP and First American Trading reflecting an exclusive right to sell "Handy Wrap Cutters" if AEP could move 25,000 units per year.

4. Exhibit C is a copy of Michael Piccone's contract from January 1998 showing that he agreed to sell 100,000 units per year in the U.S. even though AEP had an exclusive contract with him for 25,000 units.

5. Exhibit D is a copy of a letter from Paul Vegliante of AEP from 1998 offering to release the terms of a 1992 agreement with First American Trading and purchase 100,000 cutters guaranteeing First American Trading meet its new requirements from Handy-Age in Taiwan.

6. Exhibit E is a copy of a letter from Paul Vegliante dated October 30, 1998 in which Paul Vegliante reaches out to one of the owners of Handy-Age explaining Michael Piccone's contractual obligations to AEP, AEP's willingness to increase sales to 100,000 units and the fact that if they continue with this action, AEP will no longer purchase these "Handy Wrap Cutters" in the future. Paul Vegliante went on to further state that if the product was offered to the open market that AEP would be forced to introduce a new competitive product that would compete with Handy-Age's product.

7. Exhibit F is a copy of a January 1, 1999 letter from Michael Piccone where Michael Piccone removed the exclusive right to sell in spite of AEP having met all the terms of the exclusive agreement.

8. In 2001 AEP commercially launched the first sales of their newly developed slide cutter product with A&P food stores. In bringing slide cutter product to market AEP spent zero dollars in the marketing of the slide cutter product. The slide cutter product is marketed under the trademark SAFETY SLIDE CUTTER, registered in the United States. Although AEP was

the leading manufacturer of PVC films in North America, the company had never before entered the consumer retail market. Based solely on the slide cutter product, A&P food stores picked up the slide cutter product and the slide cutter product was the first food film to be sold with a corresponding slide cutter in the market. The slide cutter product received mild success in A&P in spite of the fact that there were zero marketing dollars spent on a new film product and new cutting device which defies traditional consumer retail success.

9. The slide cutter product corresponds to the invention described and claimed in at least claim 1 of the present patent application.

10. The mere implementation of the slide cutter product on the shelves at A&P started a fire storm in the retail market amongst manufacturers of food films. Because the slide cutter product, as described in the claims of the present application, presents a very novel cling of plastic wrap to the film cutter to enable improved operation, competitors have started selling duplicate slide cutter products. Within one year of the introduction of the slide cutter product at A&P, Reynolds film introduced an exact duplicate of the slide cutter product into the market and incorporated the cutter in 100% of their retail food film product. Sales of the Reynolds film including a duplicate of the AEP slide cutter product represents sales of about 12 million boxes of film annually. At the same time, SC Johnson, the manufacturer of Saran Wrap, completed negotiation to purchase five million slide cutter products from AEP annually to include the slide cutter product in all Saran Wrap food film.

11. On the retail side of the business it is estimated that the AEP slide cutter and duplicates of the AEP slide cutter have penetrated as much as 25% of the retail sales with zero dollars spent in marketing. On the commercial side of the business AEP is one of five main players for manufacturing food film in North America. Those manufacturers are AEP, Reynolds, Anchor, Polyvinyl and Pliant. It is my best professional estimate that 95% or more of the North American market is controlled by these five manufacturers. Every one of these manufacturers, except Pliant, is using duplicates of the slide cutter product which is known to AEP as we compete with these suppliers every day. Pliant has elected to purchase the slide cutter product from AEP.

12. On the commercial side, the slide cutter product is in every major wholesaler and has also been brought into mass merchandisers such as Costco, Sam's Club and BJ's Wholesale Club.

13. As of today, the following is a list of countries that AEP is aware of that currently have sales of the AEP slide cutter product or duplicates of the slide cutter product. This list is limited by not knowing where numerous Chinese and Taiwanese copy cat slide cutter product are going and solely reflects AEP's penetration on a global level. The known countries are as follows:

USA	Canada	Spain	France	England
Ireland	Belgium	Germany	Czech Republic	Japan
China	Mexico	Belize	Australia	New Zealand
Italy	Bermuda	Africa	Costa Rica	Brazil
Netherlands	Austria			

These 22 countries only represent a portion of the penetration that the slide cutter product has had globally.

14. There are several additional manufacturers of duplicates of the AEP slide cutter product. Handy Age in Taiwan is manufacturing the slide cutter product and there are at least two additional manufacturers in China and at least one in Japan.

15. It is AEP's estimate that somewhere between 30-50 million of the slide cutter products are sold globally in both the retail and commercial environments. AEP moves approximately 3 million pieces per year and it is estimated that Reynolds moves about 15 million per year between retail and commercial. Anchor, Polyvinyl, Metal Edge in the USA and the Chinese, Japanese, Taiwanese and Czech Republic manufacturers abroad easily reach the numbers of the estimates for sales. The sales of the conventional slide cutter of 100,000 cutters per year have unexpectedly significantly increased to 30-50 million slide cutter products sold per year which sales are based on the features of the claimed design of the cling of plastic wrap to the cutter before during and cutting of the plastic wrap.

16. With regard to AEP's relationship to the market, AEP has been a market leader in the commercial arena for many years. However, the slide cutter product started in the retail market where AEP has no relationship and no history of sales. When AEP entered the retail market with a slide cutter product, Reynolds copied the slide cutter product and SC Johnson purchased the slide cutter product from AEP in fear of AEP becoming a retail threat. With regard to Europe, AEP had plants in Spain, Netherlands, Italy and Belgium when the slide cutter product was invented. AEP had no retail relationship in Europe. Yet, as noted above, the slide cutter product has flourished in Europe in spite of lack of marketing and the slide cutter product has moved to other global regions.

17. Considering the complete lack of marketing, the slide cutter product has achieved staggering global penetration.

18. The following is an incomplete but pertinent list of previous competitors patents applications for inventions directly related to cutting food film. Every major player mentioned above had tried to patent a new methodology of cutting food film. However, efforts of the major players mentioned above have failed and they continue to sell duplicates of the slide cutter product.

Patent No.	Title	Inventor	Assignee	Date
3,277,760	Apparatus For Severing A Web	Keene et al.	W.R. Grace & Co.	October 11, 1966
3,549,066	Dispensing Carton	Wankow	Union Carbide Corporation	December 22, 1970
3,821,915	Fiber Cutting Apparatus With Self-Contained Blade Sharpener	Larrable	Paper-Pak Products, Inc.	July 2, 1974
4,196,647	Carton For Dispensing And Cutting Sheet Material	Fish	Reynolds Metals Company	April 8, 1980
4,197,774	Traveling Cutter Assembly	Singh et al.	Scott Paper Company	April 15, 1980
4,210,043	Cutting Assembly	Urion et al.	Scott Paper Company	July 1, 1980
4,960,022	Plastic Film Cutter	Chuang		October 2, 1990

Patent No.	Title	Inventor	Assignee	Date
5,243,890	Cutter Assembly	Ober		September 14, 1993
5,292,046	Roll Film Dispenser	Kaiser et al.	Allen Reed Company, Incorporated	March 8, 1994
5,440,961	Film Cutting Apparatus And Method	Lucas, Jr. et al.	Reynolds Metals Company	August 15, 1995
5,524,515	Support Panel For A Rotary Paper Cutter	Boda	Fiskars Oy Ab	June 11, 1996
JP 58217576	Urethane-Base Self-Adhesive Composition	Ooyama et al.	Sekisui Chemical Co Ltd	December 17, 1983
		Masatoshi		
5,273,809	Multilayer Stretch Wrap Film Inherently Exhibiting A Significant Cling Property	Simmons	Mobil Oil Corporation	December 28, 1993

19. An important feature highly appreciated by the customers and users is the functioning of the slide cutter product based on the cling of the plastic wrap to the cutter to enable the plastic wrap to be held in place before, after and during cutting of the plastic wrap.

20. It is my opinion that the slide cutter product can be termed a commercial success, insofar as AEP is concerned and that this is solely and directly related to the claimed features of our device. There has also been a long felt need in the industry for an improved slide cutter which need is shown by competitors now selling duplicate slide cutter products with the features of the slide cutter product.

21. The commercial success of the slide cutter product of the present invention was not the result of heavy promotion or advertising, nor consumption by purchasers normally tied to Applicant's or other business events extraneous to the merits of the invention set forth in the claims. AEP has not actively marketed the SAFETY SLIDE CUTTER. The slide cutter product has been added to conventional plastic wrap and a conventional box and the commercial success

is not tied to the plastic wrap or box used to house the film cutter. There have been no "give aways" of the product defined by the claims, or any other inducements or concessions in selling the product defined by the claims. Instead, the commercial success was as a result of the advantageous physical and economic results attained by the subject matter set forth in the claims of the application, which I have read and understand.

22. I further declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and, further, that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issuing therefrom.

Dated: 7-23-08, 2008

By:

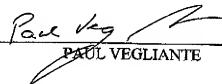

PAUL VEGLIANTE

EXHIBIT A

HANDY-AGE INDUSTRIAL CO., LTD.

FAX: 886-2-27012320

http://www.handyage.com.tw

TEL: 886-2-27552406

E-mail: handyage@ms8.hinet.net

TELEFAX

TOTAL PAGES:

TO : FIRST AMERICA TRADING CO.


ATTN : MR. MICHAEL L PICONE


DATE: AUG 14, 1998

SUBJECT: YOUR FAX OF AUG 12

DEAR MICHAEL:

GOOD MORNING !! THANKS FOR YOUR FAX OF AUG 12 TO KEEP US INFORMED OF YOUR MARKET STATUS.

AS OF NOW '98 THIRD QUARTER, THE PROSPECTION OF USA MARKET SEEMS NOT GOOD AS EXPECTED. FRANKLY SPEAKING, THERE SHOULD STILL HAVE A LOT OF MARGIN OF MARKET PLACE FOR US TO DEVELOP OTHER THAN AEP. AS THE STANDPOINT OF MANUFACTURER, WHO USUALLY REGULATE THE EXCLUSIVE AGENT TO HAVE SOME SUBSTANTIAL ORDER QUANTITY WITHIN A FEW PERIOD OF TIME, OR THEY WILL CONSIDER TO FIND THEIR WAY FOR SUSTENANCE. FOR 3 QUARTERS/YEARLY LESS THAN 50K PCS FROM U.S EXCLUSIVE, NONE CAN SUSTAIN, NONE LIKE "HANDY-AGE" DEVOTED TO THEIR WORDS. 

UNDERSTAND YOUR MARKET "SLOW TIMES" MAY HAVE CONNECTION WITH ASIA FINANCIAL CIRSIS, DURING THIS DIFFICULT SITUATION, MANUFACTUER IS EVEN MUCH TOUGHER THAN EXCLUSIVE AGENT, WE CAN'T KEEP SEEING MARKET RECESSION, BOTH US MUST JOIN THE EFFORT TO DO SOMETHING ABOUT THIS AND TRY TO DEVELOP A NEW PHENOMENAL MARKET SHARE FOR '99 AND THE YEARS TO COME. WE HAVE TO WELL PROJECT OUR MARKET STRATEGY. 

PLS CHECK IF THERE IS ANY MAGAZINE ISSUES CIRCULATING EFFICIENTLY IN YOUR MARKET, BOTH OF US MAY CONSIDER IT AND SEE IF IT CAN FUNCTION AS A GOOD PROMOTION MEDIUM. HOPE OUR PROJECTION CAN BE ACHIEVED, PLS KINDLY COMMENT. LOOKING FORWARD TO HEARING FROM YOU SOONEST.
WITH BEST REGARDS


CHRISTINE

PAUL, THIS IS A NICE LETTER THAT IS TELLING ME I COULD BE TERMINATED, AND MORE SALES ARE A MUST!

PLEASE CALL ME WHEN TIME PERMITS.

THANKS, MICHAEL L PICONE

EXHIBIT B

EXHIBIT B

THIS AGREEMENT, MADE IN DUPLICATE, BETWEEN FIRST AMERICAN TRADING CO., OF TARZANA, CALIFORNIA (HEREINAFTER CALLED "A") AND BORDEN PACKAGING AND INDUSTRIAL PRODUCTS, DIVISION OF BORDEN, INC., OF NORTH ANDOVER, MASSACHUSETTS (HEREINAFTER CALLED "B") CREATES EXCLUSIVE DISTRIBUTOR RIGHTS IN B UNDER THE TERMS AND CONDITIONS HEREINAFTER STATED.

WHEREAS, A HAS THE POWER AND AUTHORITY TO ENTER INTO THIS AGREEMENT, AND

WHEREAS, B IS WILLING TO UNDERTAKE THE PROMOTION AND THE SALE OF THE "PLASTIC WRAP CUTTER" ON AN EXCLUSIVE BASIS:

IT IS AGREED AS FOLLOWS:

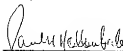
- 1) TERRITORY. A HEREBY GRANTS B THE EXCLUSIVE RIGHT TO SELL THE "PLASTIC WRAP CUTTER" THROUGHOUT THE UNITED STATES, BUT ONLY TO THE CHANNEL OF TRADE CONSISTING OF THE INSTITUTIONAL FILM TRADE. See Appendix A.
- 2) TERM. B AGREES TO SELL A MINIMUM OF 25,000 UNITS THE FIRST YEAR. IN THE EVENT B DOES NOT SELL 25,000 UNITS THE FIRST YEAR, A, AS ITS EXCLUSIVE REMEDY, WILL HAVE THE OPTION TO CANCEL THIS AGREEMENT.
- 3) PRICE. (SEE ATTACHED WHOLESALE PRICE LIST.)
- 4) DELIVERY. ALL ORDERS WILL INCLUDE A "DELIVERED" PRICE TO BORDEN'S WAREHOUSE IN LA MIRADA, CALIFORNIA.
- 5) B SHALL HAVE THE RIGHT TO PRIVATE LABEL UNDER ITS OWN NAME AND DISTRIBUTE THROUGHOUT THE TERRITORY DESCRIBED ABOVE IN #1.
- 6) RENEWAL. PROVIDED B SELLS 25,000 UNITS OR MORE EACH YEARLY PERIOD (Sept. 1 - Aug. 31) THIS AGREEMENT SHALL REMAIN IN FORCE AND SHALL BE AUTOMATICALLY EXTENDED FOR SUBSEQUENT YEARLY PERIODS COMMENCING ON THE 1ST DAY OF ~~JUNE~~^{SEP} SEPT.
- 7) A SHALL NOT SELL THE PLASTIC WRAP CUTTER IN THE U.S. TO OTHERS WITHIN THE INSTITUTIONAL FILM TRADE, BUT MAY SELL TO OTHERS OUTSIDE THIS CHANNEL OF TRADE.

BY



MICHAEL L. PICONE
FIRST AMERICAN TRADING CO.

BY



BORDEN PACKAGING AND
INDUSTRIAL PRODUCTS
DIVISION OF BORDEN, INC.

DATE

June 29, 1992

DATE

June 24, 1992

APPENDIX A

Borden's channel of trade is the Institutional business - customers who buy food service film in 12", 18" and 24" widths and 1000', 2000' and 3000' lengths.

EXHIBIT C

AGENCY AGREEMENT

Date:

This agreement is made on the 1st of January, 1998 by and between First American Trading Co., a company incorporated in the United States, with the principal office at Suite 317B, 18653 Ventura Blvd, Tarzana, California 91356 (hereinafter called "Agent") and Handy-Age Industrial Co., Ltd., a company incorporated in the Republic of China with the head office at 11F, No. 65, Section 2, An Ho Road, Taipei, Taiwan (hereinafter called "Supplier").

Whereas

- 1) The Supplier has developed the range of Handy Wrap Cutters with sizes of 12", 18" and 24" and has international distribution rights for these products; and
- 2) The Agent will market the range of Handy Wrap Cutters by advertising through the professional media, selected dealers or attending trade exhibitions.

NOW, THEREFORE, THE PARTIES DO HEREBY AGREE AS FOLLOWS:

1. Supply Area

The supplier grants the Agent the exclusive right to sell Handy Wrap Cutters throughout the United States to only the institutional film trade - (customers who buy food service film in 12", 18" and 24" widths and 1000', 2000' and 3000' lengths.)

Any sales to other area has to be agreed by the supplier.

2. Purchase Price

- 2.1 The Supplier has agreed to supply the Agent with products at the agreed price and foreign exchange rate.
- 2.2 The Supplier shall give at least 30 days notice of price increases and improvements, additions or refinements to the products, to enable the Agent to amend his advertising information. But, the difference of exchange rate is an exception.



P. O. BOX 96-602 TAIPEI, TAIWAN, R.O.C.
TEL: (02) 7552406 (REP.) FAX: 886-2-7012320
TLX: 11876 HANDYAGE

3. Quantity

The Agent agrees to sell a minimum 100,000 pcs with assorted Sizes of 12", 18" and 24" Handy Wrap Cutters each year.

4. Payment

The Agent shall open 100% irrevocable L/C at sight in Supplier's favor or T.T. to the Supplier's account at the time of placing order.

5. Delivery

Shipment can be made within 60 days after receipt of the payment.

6. Quality

The Supplier warrants that all units supplied to the Agent shall be at least equal to the present "Handy Wrap Cutter" now being produced.

7. Patent

The Supplier represents that he owns all the rights to the design, construction and distribution of products by the Agent will not infringe upon patent or other rights of a third party.

8. Termination

Both parties have the right to terminate this Agreement in case any party fails to comply with terms and conditions of this Agreement.

9. Renewal

Provided all items are met and The Agent achieves contracted minimum quantity acknowledged and accepted by both parties each year, this agreement will renew for subsequent one year commencing January 1ST.



P. O. BOX 96-602 TAIPEI, TAIWAN, R.O.C.
TEL: (02) 7552406 (REP.) FAX: 886 2-7012320
TLX: 11876 HANDYAGE

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives.

Supplier
HANDY-AGE INDUSTRIAL CO., LTD.



Christine Kuan

Agent
FIRST AMERICAN TRADING CO.



Michael L Picone



P. O. BOX 96-602 TAIPEI, TAIWAN, R.O.C.
TEL: (02) 7552406 (REP.) FAX: 886-2-7012320
TLX: 11876 HANDYAGE

EXHIBIT D

EXHIBIT D

AEP[®]

INDUSTRIES INC.

November 5, 1998

First American Trading
18653 Ventura Blvd.
Suite 317B
Tarzana, California 91356

Attn: Michael Picone

Dear Michael,

I would like to confirm, in writing, AEP's offer to you regarding the purchase of slide cutters for 1999. AEP is willing to purchase one hundred thousand (100,000) slide cutters for the calendar year of 1999. AEP is also willing to forego its previous contractual obligation to purchase twenty-five thousand (25,000) units per year in order to keep its exclusive agreement.

We are willing to commit to one hundred thousand (100,000) pieces, delivered quarterly, in four twenty-five thousand piece increments based on AEP continuing with an exclusive agreement between itself and First American Trading. AEP strongly believes that with its new marketing plan we will be able to sell a significant amount more than that during 1999. Our contract would guarantee that you meet your minimum requirement with Handy Age now and in the future.

AEP is willing and committed to making every effort to fulfill your minimum and keep the exclusive agreement in tact as has been for the past six years. We at AEP look forward to hearing back from you at your earliest convenience. Thank you.

Sincerely,



Paul C. Vegliante
AEP Industries Inc.
Vice President of Operations

cc: Jean L'Allier
Rob Sasso

Corporate Headquarters
125 Phillips Avenue
South Hackensack, New Jersey 07606
(201) 641-6600 - (800) 999-AEP1 (2374) - FAX (201) 807-2489
<http://www.aepind.com>

EXHIBIT E

October 30, 1998

Handy Age Industrial Co., LTD.
Attn.: Christine Kuan
PO Box 96-602 Taipei, Taiwan

Dear Ms. Kuan,

I am writing to you in hope of averting an action by First American Trading Corp. to remove AEP/Borden as an exclusive distributor of the Handy Age Slide Cutter product. As you are aware, AEP/Borden has been purchasing Slide Cutters from your company for approximately 6 years. During this time we have been very diligent in selling this item in the North American market. We have also defended and are currently defending against numerous law suits brought against our companies at AEP/Borden's expense. Before you allow Mr. Piccone to make such a decision I felt it pertinent to point out a few very important points.

AEP/Borden has an exclusive distributor agreement with First American Trading Corp. in North America (please see copy provided). Although Mr. Piccone believes it not to be valid, it is. The agreement calls for AEP/Borden to purchase a minimum of 25,000 Cutter Blades per year in order for that contract to automatically renew. To date we have purchased approximately 40,000 Cutter Blades. We have in no way breached our contract and are considering First American to be in breach of theirs.

Although I point out these details, I would like to resolve this situation in a much simpler manner. Mr. Piccone has made us aware that you are looking to increase sales of this product and we would like to do the same. During our acquisition of Borden the Slide Cutter business suffered but we are now in a position to aggressively market this item once again. Please understand that AEP/Borden is the largest producer of IPD films in North America. The other companies that Mr. Piccone is soliciting do not have the distribution network that AEP/Borden has nor have they the resources. If Handy Age elects to go through with the opening of the market there is no benefit for us to market the Slide Cutter any longer. It is not sensible to aggressively market something that everyone else has. This will obviously apply to the competition as well. We have verbally agreed to a guarantee of 100,000 Slide Cutters for 1999 with Mr. Piccone and we believe our new marketing effort will sell more. Unfortunately, Mr. Piccone insists on opening the market to the detriment of both Handy Age and AEP/Borden. We do not see the logic or benefit to Handy Age in this move.

Please be aware, AEP/Borden will cease and desist all purchasing of the Slide Cutter now and in the future if this action is taken. The other three companies will find it difficult to sell what we are willing to guarantee combined. ~~This will also open up all of the other companies to law suits. Are they willing to defend them as AEP/Borden has with no recourse to Handy Age? Furthermore, this action will force us to introduce a new product to compete directly with your Slide Cutter in the market. No one will win under these circumstances.~~ Please do not misconstrue the intent of this letter. It is merely to be sure you are aware of the ramifications that this action will have and how detrimental it will be to Handy Age as well as AEP/Borden. *(Sgt. Mr. Picone)*

If possible, I would like to discuss the details of our offer with you. I understand that you will be traveling to the United States next week and am willing to fly out to Las Vegas if necessary to meet with you. Your prompt attention would be appreciated.

cc: Powers

Dunn

Ferry

L'Allier

EXHIBIT F



Suite 317B • 18653 Ventura Blvd. • Tarzana, California 91356 USA
Tel: 818-704-8999 • Fax: 818-594-0951

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

EFFECTIVE JANUARY 1, 1999

September 1, 1998

AEP Industries Inc.
125 Phillips Ave
Hackensack, NJ 07606

Attn: Paul Vegliante
Re: Exclusive Protection Of Institutional Market.

Dear Paul,

Regarding our conversations of the serious concerns of Handy-Age (i.e. Expiring Patents, and copycat cutters), along with the slow down in sales of sealwrap cutters, I will not be able to offer exclusive protection beginning in 1999.

Handy-Age is compelled to seek a larger U.S. market share other than AEP in the years to come. (see copy attached)

In addition, arrangements have been made for fixed 5,000 cs pricing for any future AEP orders.

Thank you for your understanding. Handy-Age and myself will always continue to make every effort for quality, and prompt service for the years ahead.

Sincerely,

Michael L Picone
First American Trading Co.